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MICHIGAN HOUSE OF REPRESENTATIVES

MARGARET E. O'BRIEN

STATE REPRESENTATIVE

ASSOCIATE SPEAKER PRO TEMPORE

COMMITTEES:
VICE CHAIR, FAMILIES,
CHILDREN, AND SENIORS
EDUCATION
INSURANCE
TAX POLICY

March 20, 2012

Representative Knollenberg
890 House Office Building
PO Box 30014
Lansing, MI 48909

Dear Chairman Knollenberg,

Thank you for considering House Bills 4975 and 5271. I appreciate the time you and your committee have spent on this topic.

There are many professionals in the real estate field who believe this legislation is needed. I have attached letters from Licensed Real Estate Agents, Bankers and Appraisers who support these bills. I hope you find these letters helpful as you and the committee consider these bills. We believe we can have a positive impact on Michigan real estate if Michigan determines the rules, not the Federal Government. As you are aware, I am a Licensed Real Estate Agent, and I have witnessed the appraisal problems firsthand. These bills can help correct the problems Michigan citizens are experiencing.

Thank you again for your consideration.

Sincerely,

Margaret O'Brien
State Representative
District 61



ERA Griffith Realty

Always There For You®

February 28, 2012

Dear Representative Knollenberg,

Please consider this letter as support for House Bill 4975, introduced by Representative O'Brien. As active Realtors/leaders with the Michigan Association of Realtors and Broker/owners of ERA Griffith Realty for over 32 years, we understand the growing need for Appraisal Management Companies (AMC). Furthermore, the introduction of House Bill 4975 is intended to bring Michigan AMC's in compliance with the new federal regulations held in the Dodd-Frank Act. In summation, Appraisal Management Companies would have to satisfy 4 minimum requirements:

- Register with and be subject to supervision by a State-appraiser certifying and licensing agency in each State in which such company operates,
- Verify that only licensed or certified appraisers are used for federally related transactions;
- Require that appraisals coordinated by an appraisal management company comply with the uniform Standards of Professional Appraisal Practice
- Requirement that appraisals are conducted independently and free from inappropriate influence and coercion pursuant to the appraisal independence standards established under section 129E of the Truth in Lending Act.

I encourage you to endorse House Bill 4975 for the betterment of our industry and the consumers that we serve.

Thank you for your consideration.



Scott C. Griffith

President: ERA Griffith Realty

Past President; Michigan Association of Realtors

Member, Affordable Housing Advisory Committee of the Federal Home Loan Bank
of Indianapolis

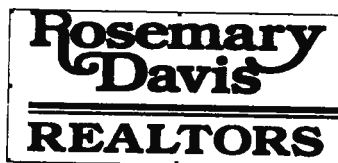


Carol S. Griffith

Vice President: ERA Griffith Realty

Treasurer: Michigan Association of Realtors

Immediate Past Chair of Public Policy-Michigan Association of Realtors



February 23, 2012

The Honorable Martin Knollenberg
Chairman, Michigan House Banking and Financial Services Committee
N-890 House Office Building
P.O. Box 30014
Lansing, MI 48933

Dear Chairman Knollenberg:

On behalf of more than 22,000 Michigan REALTORS®, I'm writing to ask for your support of House Bill 4975. Please schedule it for a vote in the House Banking and Financial Institutions Committee soon.

I am a field and battle tested Broker who sees the effects appraisals are having on transactions day in and day out. Appraisal issues are a frequent topic of discussion during the Board of Directors meetings at the Michigan Association of REALTORS®, where I have the pleasure of serving on behalf of our members residing in the 7th Congressional District.

The Federal Government has gone to great lengths to pragmatically address appraisal fraud over the past few years. However, what they have put in place in regards to the Federal Home Valuation Code of Conduct and Appraisal Management Companies (AMCs) has been onerous to those of us working in the field and those buyers who simply want to get a mortgage and buy the house of their dreams.

Formerly a very small part of the market, AMCs are now playing a large role in the appraisal process as the preferred third party intermediary in ordering appraisal work. Unlike appraisers, AMCs are not regulated in Michigan. I welcome and support Rep. Margaret O'Brien upon her introduction of House Bill 4975. It is with great hope I believe we will put some AMC controls in place that will allow for better appraisals by more experienced and credentialed appraisers.

This win-win will be a delight for buyers across Michigan as well as for those of us working every day in the trenches. I hope I can count on your support for this bill.

Kindest Regards,

A handwritten signature in black ink, which appears to read "Matthew Davis". The signature is fluid and cursive, with the first and last names being clearly legible.

Matthew Davis
Associate Broker, GRI, ABR, REALTOR®
Rosemary Davis, REALTORS®
210 West Michigan Avenue
Marshall, MI 49068



February 27, 2012

The Honorable Martin Knollenberg
Chairman, Michigan House Banking and Financial Services Committee
N-890 House Office Building
P.O. Box 30014
Lansing, MI 48933

Dear Chairman Knollenberg:

I'm writing to ask for your support of House Bill 4975 and hope that it is scheduled for a vote in the House Banking and Financial Institutions Committee soon. The passage of this legislation is a key industry priority that will promote healthy real estate markets across all of Michigan.

Appraisal Management Companies (AMCs) would need to be registered with the State of Michigan after passage of HB 4975. The contact between appraisers and lenders is now highly regulated after implementation of the Home Valuation Code of Conduct (HVCC). With the HVCC came an increase in prominence of AMCs handling the majority of home appraisals and playing a large role in the appraisal industry as the preferred third party intermediary in ordering appraisal work. Unlike appraisers, AMCs are not regulated in Michigan.

In my experience the past couple of years have seen extreme difficulties with respect to appraisals. More disturbing is how vastly different the procedures from one AMC to another can be. Regulation needs to be put in place to ensure that our appraisals are done consistently and expeditiously to continue the purchasing process.

Introduced by Representative Margaret O'Brien (R-Portage), HB 4975 would bring Michigan AMCs in compliance with the new federal regulations held in the *Dodd-Frank Wall Street Reform and Consumer Protection Act*. This legislation would set up a clear and transparent regulatory scheme for AMCs. The work has been done to make sure this legislation does not further burden the real estate market.

Let me assure you that in my volunteer work as a member of the Michigan Association of REALTORS® (MAR) Public Policy Committee, the passage of this legislation is a priority for the MAR, in particular for our appraiser members. We would appreciate your leadership on this issue soon.

Sincerely,

Stephen Karas
Broker/Owner, GRI

A handwritten signature in black ink, appearing to read "Stephen Karas". The signature is fluid and cursive, written over the typed name and title.

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Bus: (231)264-9833 • Fax: (231) 264-9834
www.NORTHERNEXIT.com

Beth L. Graham

Real Estate Appraiser & Broker

5808 Annapolis Drive
Lansing, Michigan 4891
Telephone (517) 394-4583

February 27, 2012

Representative Martin Knollenberg, Committee Chair

House Banking and Financial Services Committee

P.O. Box 30014

Lansing, MI 48909

Dear Representative Knollenberg;

I'm writing to you in support of HB 4975, introduced by Rep. Margaret O'Brien, to set up regulatory practices for Appraisal Management Companies operating in the state of Michigan. This regulation is badly needed in Michigan and is necessary in order to comply with the *Dodd-Frank Wall Street Reform and Consumer Protection Act*.

As a licensed appraiser for 26 years in Michigan and vice chair of the Michigan Appraiser's Board, I have never been in a more confusing and turbulent time in our industry. Those of us that care about our profession are in total frustration with the number of fly-by-night AMC's that are operating in our state. I work for a variety of AMC's, but I never really know who I am working for.

I hope with this legislation, I will be able to research an AMC and then decide whether I will provide them with my qualifications, social security #, entire work identity and possibly payment of a fee before I apply to work for them. We have had many identity theft cases at the state appraiser's board, blindly applying to these unknown AMC's just adds to our risk. As a note also, many of these AMC's are run by former appraisers who have licensing issues. As it stands now, we have no idea as to who the principal is in most situations.

I urge your support of this bill. If you have any questions, please do not hesitate to call or email me.

Sincerely,

Beth L. Graham

Beth L. Graham

Certified Residential Appraiser #1201000601

Vice Chair – Michigan Appraiser's Board

Education Chair – Mid-Michigan Chapter of the Appraisal Institute

beth@bethappraise.com (517) 394-4583

Marketrend Appraisals

757 Fox Hollow Court - Lake Orion - Michigan - 48360

Phone: (248) 391-8200 - Fax: (248) 391-8200 - Web: www.marketrendappraisals.com

February 22, 2012

Representative Martin Knollenberg, Committee Chair
House Banking and Financial Services Committee
P.O. Box 30014
Lansing, MI 48909

Dear Representative Knollenberg;

I am a Certified Residential Appraiser that lives and works in Oakland County. With the new federal laws created over the past several years, Appraisal Management Company's (AMC) have become a normal practice within the appraisal industry. With appraisers being licensed, real estate agents being licensed, mortgage brokers and loan officers being licensed; there is one piece of the puzzle being left unregulated which are the AMCs.

With firsthand experience of both some good and bad AMCs conducting business I feel it is in the best interest of all parties including the general public to implement some regulation on this integral part of the appraisal process. From experience I feel the good AMCs out there would welcome proper regulation to their industry due to improper business practices of some bad ones. The lack of regulation does not welcome a fair and balanced place to conduct business as an ethical company.

I am aware of proposed House Bill #4975 and I am writing to urge the consideration for this bill. The legislation would create a better environment for this industry to operate. Many AMCs abuse their currently unregulated position that mostly affects the general public. One of the worst thing coming from the lack of regulation are some poorly written appraisals for the lending industry that are a product of unregulated AMCs hiring the cheapest appraiser possible in an effort to increase their profit margins. This regulation would help tie some responsibility to a licensed appraiser required to operate and/or oversee an AMC conducting business to the State of Michigan.

With many other states having already passed legislation and many others having it proposed, it has become obvious that our peer states feel this is an issue that deserves attention. As a registered voter, resident and business owner in this great state, I urge you and other representatives to put your support behind this bill. Thank you for your consideration.

Sincerely,



David A. Howarth
Certified Residential Appraiser
Marketrend Appraisals, LLC

PROPERTY VALUATION GROUP, LLC

P.O. BOX 201112

FERNDALE, MI 48220

Representative Martin Knollenberg, Committee Chair
House Banking and Financial Services Committee
P.O. Box 30014
Lansing, MI 48909

Re: House Bill 4975

Representative Knollenberg:

As a State Licensed Appraiser in on the state of Michigan, I would like your support in House Bill 4975, which offers consumers protection in our fragile housing market.

This Bill would require AMC's to satisfy four minimum criteria, the first of which is most important. This is to register with and be subject to supervision by a state appraiser certifying and licensing agency in our state. Currently AMC's are not regulated by the state. For this reason, the State Board cannot take action against them. The addition of this would protect consumers from fraudulent and/or inappropriate activity.

Parts 2, 3, and 4 are already requirements for appraisers in Michigan. MI appraisers are required to be licensed, comply with USPAP, and conduct appraisals independently and free from influence or coercion. Therefore, the inclusion of these parts to the Bill should have not detour your support.

Currently, 37 states have passed or are in the process of adopting similar legislation. The adoption of similar Bills has quickly become "the norm" throughout the country. I thank you in advanced for your support.

Sincerely,



Matthew Diskin
State License # 1201070062

Representative Martin Knollenberg, Committee Chair

House Banking and Financial Services Committee

P.O. Box 30014

Lansing, MI 48909

Dear Representative Knollenberg:

As a Certified Residential Appraiser in the State of Michigan, I am very aware that regulation of the Appraisal Management Companies who are controlling a large portion of residential appraisals for mortgage transactions in our state is imperative.

I support the Substitute to the House Bill 4975 and ask for your support and attention to this matter, to ensure that our state is in compliance with the requirements of the Dodd/Frank Act.

The Substitute to this Bill would ensure appraiser independence and assist in protecting our fragile housing market from fraud and illegal activities.

Please note that Michigan is 'late in the game' to this type of regulation, which has already been enacted by 24 states with bills pending in 13 additional states.

Sincerely,

Norma L. Clement



Michigan Certified Residential Appraiser #1201072072

ABA Appraisals

6449 Rouget Rd, Palmyra MI 49268

Lenawee County Michigan

Representative Martin Knollenberg, Committee Chair

House Banking and Financial Services Committee

P.O. Box 30014

Lansing, MI 48909

Dear Representative Knollenberg;

I urge you to support House Bill 4975. As an appraiser performing outstanding service for my industry, it is mandatory that I conform to the rules set forth by the Michigan Appraisal Law and USPAP. There is currently no standard set forth in our state to govern the practice of Appraisal Management by AMC's. The influence of these management companies has on the practice of "Residential Real Estate Appraisal" is currently affecting the economic recovery in our state and I feel that HB4975 will impact the quality and responsibility of the appraisal industry; it will help drive the state of Michigan into a robust recovery in the years to come.

Respectfully,

Hans Schwab

J. Hans Schwab, SRA

Certified Residential Appraiser

J. Hans Schwab Appraisal & Consulting, LLC

830 North Harrison Road

East Lansing, MI 48823

517-332-3322 Tel

517-332-3388 Fax

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Kalamazoo, MI. 49009

February 22, 2012

The Honorable Martin Knollenberg
Chairman, Michigan House Banking and Financial Services Committee
N-890 House Office Building
P.O. Box 30014
Lansing, MI 48933

Dear Chairman Knollenberg:

I'm writing to ask for your **support of House Bill 4975** and hope that you will **schedule it for a vote in the House Banking and Financial Institutions Committee soon.**

After the implementation of the Federal Home Valuation Code of Conduct (HVCC), the contact between appraisers and lenders became highly regulated. With that came an increase in prominence of Appraisal Management Companies (AMCs) handling the majority of home appraisals and playing a large role in the appraisal industry as the preferred third party intermediary in ordering appraisal work. Unlike appraisers, AMCs are not regulated in Michigan.

House Bill 4975, introduced by Representative Margaret O'Brien (R-Portage) would set up a regulatory scheme for AMCs. The proposed legislation is based on the Appraisal Institute's model language. It does not produce unnecessary burdens to normal market activity. It moves Michigan into compliance with the *Dodd-Frank Wall Street Reform and Consumer Protection Act* by satisfying four requirements:

- 1) Register with and be subject to supervision by a State-appraiser certifying and licensing agency in each State in which such company operates;
- 2) Verify that only licensed or certified appraisers are used for federally related transactions;
- 3) Require that appraisals coordinated by an appraisal management company comply with the Uniform Standards of Professional Appraisal Practice; and
- 4) Require that appraisals are conducted independently and free from inappropriate influence and coercion pursuant to the appraisal independence standards established under section 129E of the Truth in Lending Act.

As Chief Operating Officer of the Michigan Association of REALTORS® owned AMC, I am in daily contact with Michigan appraisers effected by our lack of such regulation.

Prior to my position with Midwest AMG, I spent 35 years as an independent real estate appraiser in Michigan. I have witnessed firsthand the erosion of quality the appraisal ordering process has undergone with the proliferation of AMCs following the introduction of the HVCC and *Dodd-Frank Act*. House Bill 4975 will help to create a healthy environment for the appraisal process and in turn benefit Michigan consumers.

The introduction of House Bill 4975 is intended to bring Michigan AMC's in compliance with the new federal regulations and join the other 29 states with similar statute already in place. I would ask again that you support House Bill 4975.

Sincerely,

A handwritten signature in cursive script, reading "Martin J. Wagar". The signature is written in dark ink and is positioned above the printed name and title.

Martin J. Wagar IFA; RAA
Chief Operating Officer

Registration of Appraisal Management Companies (AMCs) – House Bill 4975

After the implementation of the Federal Home Valuation Code of Conduct (HVCC), the contact between appraisers and lenders became highly regulated. With that came an increase in prominence of Appraisal Management Companies (AMC's) handling the majority of home appraisals and playing a large role in the appraisal industry as the preferred third party intermediary in ordering appraisal work. Unlike appraisers, AMCs are not regulated in Michigan.

House Bill 4975, introduced by Representative Margaret O'Brien (R-Portage) would set up a regulatory scheme for appraisal management companies. The proposed language is based on the Appraisal Institute's model language. In order to comply with the *Dodd-Frank Wall Street Reform and Consumer Protection Act*, Appraisal Management Companies (AMC's) would have to satisfy 4 minimum requirements:

- 1) Register with and be subject to supervision by a State-appraiser certifying and licensing agency in each State in which such company operates;
- 2) Verify that only licensed or certified appraisers are used for federally related transactions;
- 3) Require that appraisals coordinated by an appraisal management company comply with the Uniform Standards of Professional Appraisal Practice
- 4) Require that appraisals are conducted independently and free from inappropriate influence and coercion pursuant to the appraisal independence standards established under section 129E of the Truth in Lending Act.

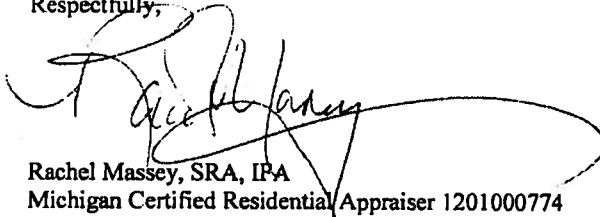
The introduction of House Bill 4975 is intended to bring Michigan AMC's in compliance with the new federal regulations held in the Dodd-Frank Act.

Points which I consider important to include:

1. In order to properly inform the public of what is involved in their appraisal charges in a new loan, that the HUD1 clearly label the fee being paid to the appraiser and delineate the fee being paid to the AMC (not all one fee, which may appear that the appraiser is receiving a certain amount when half or more could be being retained by the AMC).
2. Qualified individuals should be retained review appraisals for AMCs (such as certified appraisers in the state to which the appraisal belongs) who have specialized experience and qualifications as review appraisers.
3. In order to uphold the public trust, the most qualified appraisers should be sought to complete the appraisal assignments and adequate time should be allowed for

research and development of each appraisal report. For example, 48-hours after appointment is not considered adequate by most appraisers to be able to verify information with a party to each transaction that is used in the comparable database. For further example as to qualified; appraisers typically work a defined narrow area and learn that area well. Using appraisers from outside of a narrow area leads to questions of confidence from the consumers as to how well the appraiser knows the area unless competence is well demonstrated within the appraisal report.

Respectfully,

A handwritten signature in black ink, appearing to read "Rachel Massey", with a large, sweeping flourish extending to the right.

Rachel Massey, SRA, IPA
Michigan Certified Residential Appraiser 1201000774